

Message Text

UNCLASSIFIED

PAGE 01 DUBLIN 01895 141407Z

41

ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-15 AID-05 EB-07 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04

SIL-01 DODE-00 PM-04 H-02 L-03 PA-02 PRS-01 SAJ-01

ACDA-10 /116 W

----- 103752

R 141125Z SEP 76

FM AMEMBASSY DUBLIN

TO SECSTATE WASHDC 8359

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY LONDON

AMCONSUL BELFAST

UNCLAS DUBLIN 1895

E.O. 11652: N/A

TAGS: EGEN EI

SUBJECT: CURRENT DEVELOPMENTS IN THE IRISH ECONOMY

SUMMARY: THE CONFEDERATION OF IRISH INDUSTRY HAS JUST PUBLISHED THE RESULTS OF A SURVEY WHICH INDICATE LOSS OF MOMENTUM OF ECONOMIC ACTIVITY. AT THE SAME TIME, THE GOI HAS ANNOUNCED ITS INTENTION TO PUBLISH SHORTLY A "GREEN PAPER" THAT WILL SET FORTH AN ECONOMIC AND SOCIAL PLAN TO COPE WITH IRELAND'S ECONOMIC ILLS.

END SUMMARY

1. THE CONFEDERATION OF IRISH INDUSTRY (CII) HAS JUST PUBLISHED A REPORT THAT INDICATES LOSS OF MOMENTUM IN THE RECOVERY OF ECONOMIC ACTIVITY IN IRELAND. BASED ON REPLIES TO A QUESTIONNAIRE SENT TO MEMBER FIRMS AND WHICH COVERED THE MONTH OF JULY, CII HAS FOUND THAT FOR THE SECOND MONTH IN SUCCESSION THERE HAS BEEN NO INCREASE IN THE OVERALL LEVEL OF INDUSTRIAL ACTIVITY. CII NOTED

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 DUBLIN 01895 141407Z

THAT THE LIMITED GROWTH THAT DID TAKE PLACE WAS IN THE THE

CATEGORIES OF WOOD AND CORK, PAPER AND GENERAL EQUIPMENT. THE TREND IN THE CONSUMER GOODS SECTORS HAS WEAKENED FURTHER AND STRONG DECLINES ARE APPARENT IN TEXTILES, CLOTHING, FURNITURE, PLASTICS AND MOTOR VEHICLES.

2. ACCORDING TO CII, INSUFFICIENT DEMANDS IS THE MAJOR CONSTRAINT TO PRODUCTION, AFFECTING 92 PERCENT OF THE INDUSTRIAL FIRMS SURVEYED. THE LEVEL OF RETAIL SALES IN MAY WAS LESS THAN 2 PERCENT GREATER THAN THE CORRESPONDING PERIOD IN 1975 IN REAL TERMS. THE CII SURVEY INDICATED THERE HAS BEEN NO CHANGE IN THE LEVEL OF HOME SALES AND NO INCREASE IS ANTICIPATED IN THE COMING MONTHS.

3. THE PRIMARY SOURCE OF STIMULUS IN THE ECONOMY, ACCORDING TO CII, IS EXPORTS ALTHOUGH SOME CONTRIBUTION HAS BEEN MADE BY THE REBUILDING OF INVENTORIES DEPLETED BY LAST YEAR'S RUNDOWN. IN THE PERIOD JANUARY/JULY TOTAL EXPORTS ROSE BY 24.5 PERCENT OVER SAME PERIOD LAST YEAR, WHILE MANUFACTURED EXPORTS ROSE BY 36.2 PERCENT. DURING THE SAME PERIOD TOTAL IMPORTS ROSE BY 32.4 PERCENT, AND THE MOST DRAMATIC INCREASES WERE IN MANUFACTURED CONSUMERS GOODS: FOOTWEAR WAS UP 81 PERCENT, CLOTHING UP 40 PERCENT AND MOTOR VEHICLES 72 PERCENT. CII NOTES THAT IN THE SEVEN-MONTH PERIOD ENDING JULY THE TRADE GAP STOOD AT 328 MILLION POUNDS OR 62 PERCENT OVER THE CORRESPONDING PERIOD IN 1975.

4. SHORTLY BEFORE THE PUBLICATION OF THE CII REPORT, MINISTER FOR FINANCE RIDHIE RYAN ANNOUNCED THAT A GREEN PAPER ON AN ECONOMIC AND SOCIAL PLAN IS NOW IN PREPARATION AND WILL BE PUBLISHED SHORTLY. RYAN PROMISED THAT IT WILL GIVE A FRANK PRESENTATION OF THE ISSUES BEFORE THE NATION. HE NOTED THAT ECONOMIC PROBLEMS FACING THE COUNTRY ARE OF LONG STANDING AND THAT A SERIOUS STOCK-TAKING IS NOW NECESSARY. WHILE NOT REVEALING THE CONTENTS OF THE PLAN, RYAN'S REMARKS INDICATED THAT INCOME RESTRAINT WILL BE A PROMINENT FEATURE.

5. RYAN, IN HIS STATEMENT, UNDERScoreD HIS BELIEF THAT THE PRIMARY REASON THAT EARLIER ECONOMIC PLANS HAVE NOT ACHIEVED THEIR TARGETS WAS THAT DISCIPLINE ON INCOMES WAS NOT OBSERVED. HE WENT ON TO SAY THAT THE FIRST PRIORITY IS TO REVERSE THE CRIPPLING INFLATIONARY TRENDS OF THE PAST FEW YEARS, AND HE EMPHASIZED THE FAMILIAR THEME

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 DUBLIN 01895 141407Z

THAT THIS REQUIRES MODERATION IN INCOME DEMANDS AS WELL AS IN PROFIT-TAKING. HE SAID THE KEY TO ECONOMIC RECOVERY LIES IN IRISH COMPETITIVENESS AND HE POINTED OUT THAT THE FORMER VIRTUAL IRISH MONOPOLY OF THE HOME MARKET HAS NOW GONE, AND IRISH PRODUCERS MUST FACE THE PROSPECT OF PERMANENT FOREIGN COMPETITION IN THE HOME MARKET. PURSUING THIS THEME, HE NOTED THE INCOME RESTRAINT THAT HAS BEEN DEMONSTRATED IN THE U.K. AND HE REFERRED TO THE "RESPONSIBLE AND DISCIPLINED WAY IN WHICH THE PEOPLE OF OUR NEIGHBORING ISLAND

ARE NOW FACING UP TO THEIR OWN ECONOMIC PROBLEMS."

6. COMMENT: ALTHOUGH THE INCREASE IN IRISH EXPORTS DURING THE FIRST PART OF THE YEAR IS ENCOURAGING THERE HAVE BEEN FEW OTHER BRIGHT SPOTS IN THE ECONOMY. THE SIGNS OF LOSS OF MOMENTUM OF ECONOMIC RECOVERY AS WELL AS LOSS OF COMPETITIVENESS OF IRISH GOODS HAVE BEEN A MATTER OF GREAT CONCERN TO THE GOI. THE GREEN PAPER, WHEN PUBLISHED, HOPEFULLY WILL SERVE TO BRING THE ISSUES MORE CLEARLY IN FOCUS AND GAIN WIDER SUPPORT FOR EFFECTIVE GOVERNMENT PROGRAMS TO STIMULATE ECONOMIC RECOVERY. CURLEY

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC RECOVERY, INDUSTRIAL DEVELOPMENT, ECONOMIC REPORTS, SURVEYS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976DUBLIN01895
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760346-0868
From: DUBLIN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760964/aaaaccib.tel
Line Count: 125
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: vandyklc
Review Comment: n/a
Review Content Flags:
Review Date: 24 FEB 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 FEB 2004 by MaustMC>; APPROVED <26 AUG 2004 by vandyklc>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CURRENT DEVELOPMENTS IN THE IRISH ECONOMY SUMMARY: THE CONFEDERATION OF IRISH INDUSTRY HAS JUST PUBLISHED THE RESULTS OF A SURVEY WHICH INDICATE LOS S OF MOM
TAGS: EGEN, ECON, EI, CONFEDERATION OF IRISH INDUSTRY, CII
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006